



Agenda Item Number: 2006-5-8A

BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS

Meeting Date: May 9, 2006

Department: Finance Staff Contact: Hughes & Strumor, Ltd. Co.
Thaddeus Lucero, County Manager
Dan Mayfield, Deputy County Manager-
Finance

TITLE: Sale of Tax and Revenue Anticipation Notes

ACTION: Motion to approve Financial Resolution **FR -2006** authorizing the issuance and sale of Bernalillo County, New Mexico Tax and Revenue Anticipation Notes, Series 2006, in the aggregate principal amount not to exceed \$40,000,000.

SUMMARY:

Tax and Revenue Anticipation Notes (TRAN) are short-term obligations of a municipal government that are used to finance current expenditures pending receipt of tax payments. In FY'07 revenue from the 1/8% Correctional Gross Receipts Tax will not be received by Bernalillo County until September and property tax revenue will not be available until November. TRAN proceeds allow the County to reduce fluctuations in cash flow due to the fact that certain revenues, especially property taxes, are not received evenly each month. Any resulting increase in the cash balance is available for investment. The difference between the interest earned by investing the TRAN proceeds and the interest paid on the debt represents additional investment revenue for the County.

The Deputy County Manager for Finance will coordinate with Bond Counsel and the County Treasurer to immediately invest the proceeds in order to maximize the investment revenue on this transaction.

Budgeted FY'07 property tax and gross receipts tax collections have been evaluated and it has been determined that the proceeds from this TRAN are necessary in order to minimize the County's cash flow fluctuations.

ATTACHMENT:

1. Financial Resolution **FR -2006** Authorizing the issuance and sale of Bernalillo County, New Mexico Tax and Revenue Anticipation Notes, Series 2006.

FISCAL IMPACT

Ensures adequate cash flow for operational expenses until September 2006 when the Correctional Facility Gross Receipts Tax revenue is received and November 2006 when Property Tax revenue is received.

STAFF ANALYSIS SUMMARY

COUNTY MANAGER

See Summary. TL 4/28/06

DEPUTY COUNTY MANAGER FOR FINANCE

The resolution allows the sale of the TRAN for an amount not to exceed \$40,000,000. The final amount of the TRAN will be established with Bond Counsel upon analysis of the County's reserves and cash flow requirements. Dan Mayfield 04/27/06

ELECTED OFFICIAL/OTHERS

TREASURER'S OFFICE

The Bernalillo County Treasurer's concerns are Bond Trends and The Federal Reserve Chairman Ben S. Bernanke remarks, stating Central Bank may slow the pace of interest rates. If the TRAN sale yields a rate higher than 4.25%, Bernalillo County may not benefit from this sale. Patrick Padilla, County Treasurer